



Kieran Powell

TECHNOLOGY

The Startups on Retailers' Tech Shopping Lists

BY KIERAN POWELL

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To the passive observer, it might seem that major retailers are on a start-up shopping spree. Their basic shopping list is 'technology that gives us

an edge,' but if you look closer, you'll find that they're very focused and deliberate. They're not just buying capabilities; they're adopting a startup mindset and bringing on leaders from the organizations they acquire to help them set vision and execute quickly and nimbly.

Last week, I served as a judge at the NRF's "Innovation Awards" at Shop.org in Las Vegas. Retailers from all over the world came to the event to find new partners to help them self-disrupt their businesses before their competitors do it for them.

Before speaking with 34 of the participating tech startups, I spoke with Kevin Hourican, president of CVS Pharmacy, and Chris Hardisty, VP of retail & digital at Lacoste, about what they look for in technology companies and partners. They both said that everything they do is ultimately about meeting an unmet need of the customer.

"I'm at these shows to hear from visionary thinkers who are looking beyond today's digital landscape," said Hardisty. "We're not just learning about shiny new objects like AI and voice assistants, but instead, what retail will look like in five to 10 years as these things evolve."

CVS's Hourican thinks about technology in terms of core vs. non-core needs.

"We are never going to outsource our core competencies, but for areas where we are not experts – we work with partners," he said.

This approach is similar to what has been seen in recent acquisitions by retailers like Target and Walmart. These companies are not acquiring technology because they want to become Amazon. They are doing because they don't want to have to be a technology company. They recognize that technology startups are likely to produce far more interesting and complex applications with a focused, finite problem set. Retailers aren't flexible enough to do this on their own, and they are OK with that.

Here's a look at a handful of the startups that competed in the Innovation Awards and are filling gaps in the four different phases of the retail journey.

- **Awareness**

Brands that once enjoyed an outsized presence are finding that they need to explore new channels and tactics to maintain awareness among consumers.

A company called IRL (formerly LuvThat) has introduced a scalable approach to using the sharing economy to create new distribution and engagement channels, and break through the noise in everyday life. IRL places such products as Corona in its network of 30,000 AirBnB hosts' houses or apartments — visitors are welcome to have a beer in return for a Google review or some other social action.

The company also works with online mattress company Purple. One of the retailer's major problems is that beds are an item that most consumers refuse to purchase without trying. IRL eliminates this factor for thousands of Purple's prospects.

- **Engagement**

Once consumers are aware of the brand, what's the best way to continue engaging with them further? There's a crowded landscape of solutions that focus on driving digital engagement, but according to Deloitte, 90% of all global retail sales still take place in store.

Snaps: Snaps is an automated conversational marketing platform that communicates with digital and in-store customers via Amazon Alexa, Facebook Messenger, Apple iMessage, Whatsapp: One of their current clients, the Simon Property Group, uses Snaps as an automated customer concierge at its 216 malls. Snaps instantly answers basic questions like, "What floor is Macy's on?" and knows to hand off more complex questions to a human customer service operator, so that shoppers get what they need in the moment of need.

Oriient: Oriient is like Waze, but for in-store. The company helps retailers make their physical stores more shopper-friendly by adding features

such as shopping list navigation, product search and mobile gamification for the in-store experience. Oriient's technology is based on the Earth's magnetic field, so retailers don't have to install any hardware in their stores (no beacons, no WiFi). By adding Oriient's technology to in-store apps, retailers gain deep insights into the customer journey and are able to connect with customers at the right time.

- **Logistics**

Walking around the floor of Shop.org there were some extremely attention-grabbing solutions: projection mapped in-store displays, shelves that speak to shoppers, virtual reality solutions and other futuristic consumer-facing technologies.

Before driving demand in the front of house though, retailers should address one of the less sexy topics: logistics. There is a clear need for a supply chain revolution in retail, considering that many retailers still handle new-item listings and inventory on excel spreadsheets. They should probably fix this before driving demand to reduce out-of-stock occurrences and other supply chain problems. One start up out of the Innovation Lab working to address this problem is Simplista.

Simplista aims to reduce the time it takes for retailers to onboard new items in merchandizing departments and automates the reordering with suppliers. Simplista is currently working with Canadian retailer Loblaw, and seeing promising results.

Compared to their process before using Simplista, Loblaw is saving an average of three weeks onboarding new items and getting them to retailers' shelves. This results in revenue growth, making this boring technology pretty appealing in my book.

- **Consideration**

Allure Systems allows fashion retailers to create a virtual model (based on images from a real person) and then, using the technology, change the model's outfits and create ecommerce imagery. French retailer Chantal Thomas is one of the first retailers to adopt the technology — 100% of e-commerce imagery. French retailer Chantal Thomas is one of the first retailers to adopt the technology — 100% of the images on its

e-commerce shop are virtualized. This delivers a cost savings of 70% for the French retailer.

At every step of the journey there are start-ups that can enable retailers to move faster, but technology alone is not the answer. Retailers must get strategic about changing their organizations before working with these innovative companies.

After all, at a micro level, what's incentivizing the logistics manager to take a call with a new start up that could potentially change the way he works? If the answer is "nothing," then it's time to take a step back and rethink how the organization is rewarded for and enabled to keep up with pace of change.

Kieran Powell is executive VP of Channel V Media.



Who are the most influential women in retail technology?

BY DEENA M. AMATO-MCCOY

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Help *Chain Store Age* recognize the women who are helping to revolutionize and transform the retail industry through technology.

CSA is now accepting nominations for its fifth annual “Top Women in Tech” feature, which honors women who leading the charge in innovative retail technologies. The honorees will be profiled in a cover story in the January 2019 issue of *CSA*, and in an online report on ChainStoreAge.com.

Please email your nomination (or questions) to *CSA* tech editor Deena Amato-McCoy at damccoy@chainstoreage.com. The deadline for submissions is Monday, Nov.5, 2018.

Only women who work in a senior executive tech role for a retail company are eligible for consideration. All retail sectors are eligible, from supermarkets and discounters to specialty stores and pure online merchants.

The nomination should include:

- Nominee’s name, company and professional title; and
- BRIEF description (bullet points are fine) of why nominee should be considered, including individual’s job scope, most recent accomplishments and any noteworthy ongoing projects.

All nominations will remain strictly confidential.

To see last year’s “Top 10 Women in Retail Tech” report, [click here](#).

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